



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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March 30, 1994

Mr. Paul C. Spor  
General Manger  
North Lily Mining Company  
P. O. Box 421  
Eureka, Utah 84628

Re: Response to Request for Partial Bond Release, North Lily Mining Company, Tintic Heap Leach Project, M/023/007, Juab County, Utah

Dear Mr. Spor:

The Division has reviewed your February 14, 1994 letter requesting a partial release from North Lily Mining Company's (NLMC) reclamation surety. North Lily is requesting that the Division release 60%, or \$95,340 of the existing surety amount. You indicated that the basis for this request is a Division file memo from Mr. Tony Gallegos, dated July 21, 1993. The memo discusses the possibility of the Division releasing a portion of the existing reclamation surety, equivalent to the amount of reclamation (regrading/recontouring, and backfilling) that has been performed by NLMC to date.

It is true that earth work usually accounts for the largest amount of the reclamation cost estimate. North Lily has completed the reclamation on the majority of its surface disturbances with the exception of the main heap leaching and gold processing areas. We have re-evaluated the original surety estimate for this project and find that the processing area makes up the greatest portion of the reclamation estimate. We have revised the reclamation surety estimate (copy attached) and reduced the dollar amount to reflect the remaining reclamation requirements. The new surety amount is \$139,700 (1999 dollars).

We will also notify your bank of the reduced surety requirement, which should enable them to return that portion held in excess of the amount determined above. We will need to receive a copy of the revised surety (presently a Certificate of Deposit) which reflects the revised dollar amount. Should NLMC choose to change their form of surety, please let us know at your earliest convenience. We will then send you the appropriate forms. We will retain the remainder until NLMC performs the rest of the required reclamation for this project. If you have questions in this regard, please contact me or D. Wayne Hedberg of the Minerals Program.

Sincerely,

Lowell P. Braxton  
Associate Director, Mining

jb  
Attachments  
cc: Minerals staff (route)  
M023007.rel

0002

# RECLAMATION ESTIMATE

filename M23-07RD.WB1

North Lily Mining Company (NLMC)

M/023/007

Juab County

Tintic Project - Phase I

last revision

03/29/94

Prepared by Utah State Division of Oil, Gas & Mining

## Reclamation Details

-previous estimate \$158,900

- This estimate is in response to the 2/14/94 surety reduction request by NLMC
- Refer to the original reclamation estimate of 3/1/91 for comparison (see attachments)
- This reduction is based on the DOGM inspection memo of 7/21/93
- This reduction applies to reclamation work which has been completed to date, such as:  
regrading dump areas, initial seeding but no revegetation standard achieved yet
- The cost of seeding an area is retained until the revegetation standard is achieved
- The Yankee area is not included in this project (see exploration file)
- No reclamation has been performed at the minesite (processing area)
- TOTAL DISTURBED AREA = minesite(24.6)+dumps(43.8) = 68.4 acres
- Minesite = heap(16.6)+bldg(1)+all topsoil(3.2)+borrow(2.6)+ponds(1.2)

Description	Amount	\$/Unit	Cost-\$
-Demolish & dispose of bldgs	lump sum	5,000	5,000
-Regrade building site	1.0 acre	300	300
-Decommission heap leach pad	16.6 acre	500	8,300
-Regrade heap leach pad(3:1 slopes)	153,230 CY	0.20	30,646
-Regrade solution ponds	12,000 CY	0.20	2,400
-Apply topsoil to heap leach area	38,000 CY	1.25	47,500
-Ripping roads at minesite (0.50 mph)	1.7 acre	485	825
-Revegetation at minesite	24.6 acre	447	10,996
-North Tailing Dump(Red Dump)RESEED	11.1 acre	200	2,220
-Mammoth Mine Dump-RESEED	15.0 acre	200	3,000
-Grade Centennial-Eureka area - OMIT	17.2 acre	(300)	0
-Centennial-Eureka area-RESEED	17.2 acre	200	3,440
-Grade Grand Central area - OMIT	0.5 acre	(300)	0
-Grand Central area -RESEED	0.5 acre	200	100
-Fence maintenance/monitoring (3 yrs)	3 yr	1,200	3,600
SUBTOTAL			118,327
+ 10% CONTINGENCY			11,833
SUBTOTAL			130,159
+ 5 yr ESCALATION(1.42%)			9,508
TOTAL			139,667
ROUNDED TOTAL(1999-\$)			<u>\$139,700</u>

Amount of reduction = \$19,200

\*\*\* Average Cost Per Acre \*\*\* = 2,042 \$/acre

# RECLAMATION ESTIMATE

North Lily Mining Company

Tintic Project - Phase I

M/023/007 Juab County

last revision 3/1/91

Prepared by Utah State Division of Oil, Gas & Mining

## Reclamation Details

- All structures and equipment to be removed from the site
- Heap leach pad 50' high to be neutralized to BWPC required levels
- Heap leach regraded to 3:1 by pushing upslope & covered with topsoil
- Revegetation includes application of fertilizer, mulch & seed
- Yankee area not included in this project (=> Exploration)
- Fence maintenance 1/month for 3 yrs (revegetation success)
- TOTAL DISTURBED AREA = minesite + dumps = 68.4 acres
- Minesite = heap + bldg + all topsoil + borrow + ponds

Description	Amount	\$/Unit	Cost-\$
-Demolish & dispose of bldgs	lump sum	5,000	5,000
-Regrade building site	1.0 acre	300	300
-Decommission heap leach pad	16.6 acre	500	8,300
-Regrade heap leach pad(3:1 slopes)	153,230 CY	0.20	30,646
-Regrade solution ponds	12,000 CY	0.20	2,400
-Apply topsoil to heap leach area	38,000 CY	1.25	47,500
-Ripping roads at minesite (0.50 mph)	1.7 acre	485	825
-Revegetation at minesite	24.6 acre	447	10,996
-Revege North Tailing Dump (Red Dump)	11.1 acre	447	4,962
-Revege Mammoth Mine Dump	15.0 acre	447	6,705
-Grade Centennial-Eureka area	17.2 acre	300	5,160
-Revege Centennial-Eureka area	17.2 acre	447	7,688
-Grade Grand Central area	0.5 acre	300	150
-Revege Grand Central area	0.5 acre	447	224
-Fence maintenance/monitoring (3 yrs)	3 yr	1,200	3,600

SUBTOTAL 134,456

+ 10% CONTINGENCY 13,446

SUBTOTAL 147,902

+ 5 yr ESCALATION(1.45%) 11,038

TOTAL 158,940

ROUNDED TOTAL IN 1996-\$

\$158,900

\*\*\* Cost Per Acre \*\*\* = 2,323 \$/acre

Reclamation Estimate for North Lily Mining Company  
Tintic Project      Juab County      M/023/007

Prepared By    Utah State Division of Oil, Gas and Mining  
October 2, 1989

Description	Quantity	Unit	\$/Unit	Cost (\$)
<b>Plant Site Reclamation</b>				
Demolish and Dispose of Buildings		Lump Sum		5,000
Regrade Building Site	1.0	Acres	300	300
Decommission Heap Leach Pad	13.0	Acres	500	6,500
Regrade Heap Leach Pad	120,000	Cubic Yards	0.20	24,000
Regrade Solution Ponds	12,000	Acres	0.20	2,400
Apply Topsoil	29,400	Acres	1.25	36,750
Revegetate	21.0	Acres	447	9,390
Subtotal				84,340
<b>North Tailings Dump Reclamation</b>				
Revegetate (a)	11.1	Acres	447	4,960
<b>Mammoth Mine Dump Reclamation</b>				
Grade for Uniformity	15.0	Acres	300	4,500
Revegetate	15.0	Acres	447	6,710
Subtotal				11,210
Totals				100,510
Add Contingency (10%)				10,050
TOTAL RECLAMATION COST (1989 Dollars)				110,560
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				122,000

Notes: (a) This area has been depleted of ore. The reclamation earthwork was completed in 1989. The revegetation remains and will commence during the fall of 1989.

This estimate includes the reclamation costs required for the expansion of the heap leach pad.